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C O N F I D E N T I A L CAIRO 000423

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STATE FOR NEA/ELA AND NEA/IPA

E.O. 12958: DECL: 03/03/2018  
TAGS: [ENRG](#) [EPET](#) [ECON](#) [PREL](#) [KPAL](#) [EG](#) [IS](#)  
SUBJECT: BG EGYPT ON GAZA MARINE GAS FIELD

REF: A. CAIRO 84

- [1](#)B. 07 CAIRO 542
- [1](#)C. 07 CAIRO-NEA/ELA EMAILS
- [1](#)D. 06 CAIRO 4377
- [1](#)E. 06 CAIRO 3644

Classified by Minister-Counselor for Economic and Political  
Affairs William R. Stewart for reasons 1.4 (b) and (e).

[1](#)1. (C/NF) SUMMARY: A senior British Gas Egypt (BG) official confirmed that BG-Israeli talks on the development of the Gaza Marine offshore gas field have "completely broken down" and opied that the current political climate precludes a viable, near-term Egyptian alternative to Ashkelo. While not company policy, BG could afford to plug it and leave it and wait for peace." END SUMARY.

[1](#)2. (C/NF) A senior BG Egypt official toldus on March 3 that they did not expect any movemnt in the near future on the development of BG'sGaza Offshore concession in light of Israeli intansigence on price, and political developments inGaza. The official, who has worked on this projec at the corporate level, confirmed that talks wih the Israelis had "completely broken down" and hat BG was not planning to reopen its shuttered srael office any time soon. BG will, however, still maintain an address in Ramallah. When asked f this development could revive talk of bringing te gas ashore in Egypt at El Arish, the official aid that despite some discussions of looking agan at the Egypt option, the political climate at pesent would likely preclude any development of te field any time soon.

-----"Plug it and Leave it"

[1](#)3. (C/NF) When asked if BG feels under any busines pressure to develop the field in the near term, he official told us that although the field woul be relatively easy to recover from a geologicalengineering perspective and likely contains upwads of 1 trillion cubic feet (TCF) of gas, its dormncy does not have a major impact on global production goals at present. Its relative importance i BG's global operations may increase in the future, the official added, but currently there is no business imperative to develop the field -- regardless of Israeli and Egyptian desires to access the gas and Palestinian desires to access the revenues. The human and political capital expended on the development of this field relative to many other global projects has been large, however, prompting the official to offer the personal opinion that "we should just plug it and leave it and wait for peace."

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[1](#)4. (C/NF) BG Egypt told us that they are expecting the new BG VP in charge of Gaza Marine project (the position formerly held by Nigel Shaw) to visit to Cairo in the near future and that they would arrange a briefing with the Embassy. BG reiterated that this visit does not, however, indicate that talks regarding an Egyptian alternative to Ashkelon have resumed.

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